

the Hardrock Mining and Reclamation Act of 2007. I attach the resulting position paper for your consideration.

While we acknowledge the need to revise some of the same federal laws that H.R. 2262 modifies, we believe the legislation would unjustifiably harm the domestic mining industry, and the Alaska mining industry in particular.

Our state produced almost \$3 billion of minerals last year, four percent of the nation's total. We can continue and even expand this contribution indefinitely, but not without predictable access, on reasonable fiscal terms, to the federal domain in Alaska.

Your legislation, H.R. 2262, would create several obstacles to such access and terms. Specifically:

Prohibiting mining exploration and development on lands identified in the 2001 Forest Service "roadless rule" and in other "special areas" would place millions of acres off limits. These prohibitions are far too broad, particularly in Alaska where the federal government owns so much land, yet already offers so little of it to mineral exploration.

A flat royalty on gross revenues will cause unnecessary mine shutdowns and job losses during periods of low prices. The government should adopt a flexible royalty that adjusts for high and low returns.

The proposed new permitting system would unnecessarily duplicate existing laws while also creating great uncertainty and thus great risk for mineral exploration and development. We believe it could end exploration and mining on federal lands.

Thank you for considering these views and the attached position paper as Congress works to reform the nation's mining laws.

Sincerely,

TOM IRWIN,
Commissioner.

NATIONAL MINING ASSOCIATION,
Washington, DC, October 29, 2007.

Hon. NEIL ABERCROMBIE,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN ABERCROMBIE: The National Mining Association (NMA) supports updating the Mining Law in a manner that produces a fair and predictable public policy capable of sustaining a healthy domestic hard rock mining industry and providing a fair return to the taxpayer for the use of federal lands. House members will soon be asked to vote on the "Hardrock Mining and Reclamation Act of 2007" (H.R. 2262). NMA opposes H.R. 2262 because it jeopardizes current and future sources of domestic minerals that are critical to our nation's economic well-being and security.

NMA believes that the Mining Law can be responsibly updated in way that does not sacrifice American jobs or endanger the nation's security. Our domestic mineral and mining industry supports 169,500 direct and indirect jobs, produces metals valued at more than \$16 billion and pays direct personal and payroll taxes totaling \$830 million.

NMA finds the following features of H.R. 2262 particularly objectionable.

Excessive Royalty (Tax): The bill would impose the world's highest royalty on mineral production—a new tax on America's minerals that are critical to our economic vitality and national security. The tax would take the form of an 8 percent gross royalty, which would cause a significant reduction in mineral and mining investments. NMA supports a fair return to the public in the form of a net income production payment for minerals produced from new mining claims on federal lands.

Retroactive Levy on Existing Mines: The bill would retroactively levy a 4 percent

gross royalty on existing mines where business plans and investments were implemented without this significant cost in mind. Apart from the doubtful legality of such a levy, it virtually guarantees the closure of some mines and the export of high-paying mining-related jobs.

Confiscation of Investments: Several provisions of H.R. 2262 would empower political appointees to stop new mining projects even when such projects have met all applicable environmental and legal requirements. No business can attract the necessary capital or operate with such regulatory uncertainty and, as you would expect, those investments and projects will move overseas.

Our country is becoming increasingly dependent on foreign sources of minerals critical to virtually every sector of our economy. Our national minerals policy should support, not destroy, the investments, jobs and infrastructure necessary to supply our domestic mineral needs. We urge you to oppose H.R. 2262 so a more balanced measure can be developed.

Sincerely yours,

KRAIG R. NAASZ,
President & CEO.

NATIONAL ASSOCIATION OF
MANUFACTURERS,
October 30, 2007.

DEAR REPRESENTATIVES: On behalf of the National Association of Manufacturers (NAM), the nation's largest industrial trade association representing small and large manufacturers in every industrial sector and in all 50 states, I urge you to oppose H.R. 2262, the Hardrock Mining and Reclamation Act of 2007.

The U.S. mining industry currently provides about 50 percent of the metals American manufacturers need to operate, including iron ore, copper, gold, phosphate, zinc, silver and molybdenum. The U.S. has become increasingly dependent upon foreign sources of minerals for products that are strategically important to both our national and economic security.

Rather than encouraging environmentally safe mineral development, H.R. 2262 would impose new taxes on the mining industry, including an eight percent royalty on new mining and a retroactive four percent royalty on existing mining operations. The bill would also establish new prohibitions on future mining on certain public lands and set highly prescriptive environmental standards that sometimes conflict with existing state and federal regulations.

Not only would the bill seriously impact the U.S. mining industry, it would increase the cost of raw materials for U.S. manufacturers, make our products less competitive in global markets and adversely affect thousands of high-paying manufacturing jobs. Moreover, we remain concerned that this sets an unwise precedent in targeting specific industries with new and burdensome tax increases.

The NAM's Key Vote Advisory Committee has indicated that votes on H.R. 2262 will be considered for designation as Key Manufacturing Votes in the 110th Congress.

Thank you for your consideration.

Sincerely,

JAY TIMMONS,
Senior Vice President for Policy
and Government Relations.

CHEVRON MINING INC.,
Englewood, CO, October 30, 2007.

DEAR CONGRESSMEN: as an operator of two domestic metal mines with over 500 employees, I would like to urge you to vote "NO" on the "Hardrock Mining and Reclamation Act of 2007" (H.R. 2262). As longstanding members of the mining community in the United

States, we are concerned that H.R. 2262 as it currently stands will negatively affect domestic supply of the metals and minerals needed to ensure our future economic prosperity. The new taxes imposed, and more importantly, the retroactive taxes proposed, will have a chilling effect on our industry. The uncertainty of mining rights will make domestic investment in new mines difficult, undoubtedly increasing our dependence on foreign minerals and eliminating countless jobs in the US.

Today, American hard rock miners are the highest paid in the world earning excellent salaries and receiving unmatched benefits. Congress will drive these jobs overseas if it approves H.R. 2262, which impose the highest minerals tax in the world!

We are dedicated to reforming Mining Law to ensure a fair return to taxpayers and allow businesses to stay open, preserve high-wage American jobs and prevent further increases in our dependence on foreign minerals.

On behalf of our 500 employees, I urge you to vote "NO" on the Hardrock Mining and Reclamation Act of 2007.

Very truly yours,
MARK A. SMITH,
President and CEO.

AMERICAN COPPER POLICY COUNCIL,
Washington, DC, October 30, 2007.

Hon. NEIL ABERCROMBIE,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN ABERCROMBIE: I am writing on behalf of the members of the American Copper Policy Council (ACPC) to indicate our opposition to H.R. 2262, the Hardrock Mining and Reclamation Act of 2007. Reform of the mining law is long overdue, but this legislation in its present form would impose new costs and regulatory burdens that would make the U.S. mining industry uncompetitive in the world marketplace. In addition to stifling new mining investment, H.R. 2262 would increase our domestic manufacturing sectors dependence on imported raw materials, particularly from manufacturing economies such as China. In the case of copper, this could discourage the use of a valuable material that positively contributes to green construction and improved energy efficiency.

ACPC members are involved in all facets of copper mining, production, fabrication and distribution and as such play a critical role in nearly all domestic manufacturing, which is vital to the national economy and defense. Mining law amendments must recognize the need to strike a balance between providing a fair return to the public for minerals extracted on federal lands and ensuring that our U.S. mining industry can continue to compete and provide our industrial base with a reliable supply of domestic minerals.

H.R. 2262 would impose a royalty that is higher than any other mining country in the world. A royalty is imposed on new mines and also retroactively on existing mines on federal lands. The bill fails to provide assurances that significant investments on public lands will not be placed at risk by arbitrary and capricious restrictions by regulators, and it imposes redundant and conflicting environmental standards on mining contrary to a finding by the National Research Council that current laws protect the environment.

We support reform but let's make sure it is good reform. At a time when our manufacturing base is struggling to compete in a world marketplace that is not always level, we need to consider the ramifications of legislation on our industrial base.